

## Message Text

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17

ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 DODE-00 PM-04 H-02 L-03 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 IO-11 AID-05 /084 W

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R 270856Z JAN 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 1586

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E.O. 11652: N/A

TAGS: ELAB, RP

SUBJECT: INCREASED MINIMUM WAGE CONTROVERSY

REF: MANILA 1297

SUMMARY: TUCP HAS ADVOCATED INCREASE IN DAILY MINIMUM WAGE FROM P8 (APPROXIMATELY US \$1.07) TO P18. LABOR SECRETARY OPLE CHARACTERIZED PROPOSAL AS "HIGHLY UNREALISTIC" WHILE EMPLOYERS' SPOKESMAN WARNED AGAINST ADVERSE EFFECTS ON ECONOMY AND RAISED SPECTRE LAYOFFS. BASIC PHILIPPINE WAGE RATES REMAIN AMONG LOWEST IN SE ASIA, AND LIKELY GOP WILL CONTINUE KEEP LID ON WAGES IN ORDER ENHANCE COUNTRY'S REPUTATION AS ATTRACTIVE LABOR MARKET. TUCP, FEARFUL LOSING INITIATIVE TO VOCAL DISSIDENT ELEMENTS, HAS USED VALID WAGE ISSUE TO ASSERT ITS RIGHT SPEAK FOR ORGANIZED LABOR. CHANCES FOR ANY SIGNIFICANT INCREASE, HOWEVER, ARE SLIM. END SUMMARY.

1. ONE OF PROPOSED THEMES OF ABORTED JANUARY 25 PROTEST RALLY (REFTEL) WAS RIGHT EARN DECENT WAGE, AND DISSIDENT LABOR GROUP BUKLURAN HAS BEEN ADVOCATING A DOUBLING OF P8 (APPROXIMATELY US \$1.07) DAILY MINIMUM WAGE TO P16. DURING LAST MONTH'S INDUCTION CEREMONIES FOR TUCP OFFICERS AT PRESIDENTIAL PALACE (MANILA 17655, 1975), TUCP REQUESTED MINIMUM WAGE BOOST TO P15, BUT MARCOS COUNTERED WITH LIMITED OFFICIAL USE

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GUARANTEED 13TH MONTH BONUS FOR PRIVATE SECTOR AND

GENERAL SALARY INCREASE FOR GOVERNMENT WORKERS. TUCP EXECUTIVE BOARD HAS NOW PASSED RESOLUTION SEEKING P18 MINIMUM WAGE WHICH DREW FRONTPAGE ATTENTION JANUARY 24 PRESS.

2. TUCP PRESIDENT ROBERTO OCA DECLARED SUCH P10-A-DAY ACROSS-THE-BOARD INCREASE FOR COUNTRY'S INDUSTRIAL WORKERS WOULD CUSHION IMPACT INCREASED COST OF LIVING. OCA CLAIMED PRICES BASIC COMMODITIES HAD TREBLED SINCE CURRENT P8 RATE SET 1970. OCA ALSO INDICATED TUCP WOULD SEEK PROPORTIONAL INCREASE FOR AGRICULTURAL WORKERS (CURRENT MINIMUM WAGE: P4.75).

3. GOP'S RESPONSE TO ORGANIZED LABOR WAS SWIFT. LABOR SECRETARY BLAS OPLE ON JANUARY 25 CHARACTERIZED TUCP PROPOSAL AS "HIGHLY UNREALISTIC AND SLIGHTLY HYPERBOLIC". ADMITTING CURRENT P8 MINIMUM WAGE ALSO UNREALISTIC, OPLE CLAIMED GOVERNMENT HAS EFFECTIVELY RAISED WAGE BY 30PERCENT THROUGH DECREES ON COST-OF-LIVING ALLOWANCE AND 13TH MONTH BONUS. HE WARNED THAT MOVES TO IMPOSE CLEARLY UNATTAINABLE WAGE RATES COULD INTIMIDATE ALREADY HARD-PRESSED BUSINESS AND INDUSTRY INTO CUTTING BACK ON EMPLOYMENT. OPLE STATED DOL WOULD ESPOUSE HIGHER MINIMUM WAGE DEPENDING UPON RATE OF ECONOMIC RECOVERY.

4. ON JANUARY 26, INDUSTRIAL SECTOR DUTIFULLY WISHED IN WITH ITS COMMENTARY. PETRONILO GUEVARA (PRESIDENT, PHILIPPINE CHAMBER OF INDUSTRIES) SAID SUCH INCREASE WOULD HAVE FAR-REACHING ADVERSE EFFECTS ON COUNTRY'S ECONOMY. HE DECLARED INCREASE WOULD BRING ABOUT INFLATIONARY PRESSURES AND WEAKEN COMPETITIVENESS PHILIPPINE EXPORT PRODUCTS, AND ALSO RAISED SPECTRE CONSIDERABLE LAYOFFS. GUEVARA CLAIMED PRESENT EFFECTIVE DAILY WAGE RATE ALREADY ABOUT P14, DUE TO EMERGENCY LIVING ALLOWANCE, HOLIDAY PAY, 13TH MONTH BONUS, ETC. (NOTE: USING OPLE'S 30 PERCENT INCREASE ESTIMATE, EFFECTIVE RATE WOULD ONLY RUN P10 TO P11.)

5. COMMENT: BASIC PHILIPPINE SALARY AND WAGE RATES REMAIN AMONG LOWEST IN SE ASIAN REGION, AND GENERALLY REFLECT LARGE NUMBERS OF UNEMPLOYED, LOW LABOR PRODUCTIVITY AND LIMITED OFFICIAL USE

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HIGH COST OF CAPITAL. THEREFORE, LIKELY GOP WILL CONTINUE KEEP LID ON WAGES IN ORDER ENHANCE COUNTRY'S REPUTATION AS ATTRACTIVE MARKET FOR FOREIGN AND MULTINATIONAL FIRMS. SENSITIVE TO BOTH 1) LABOR'S GROWING UNHAPPINESS WITH DECLINING REAL WAGES AND 2) NEDA'S RELUCTANCE TAMPER WITH OBSOLETE MINIMUM WAGE RATE, OPLE HAS CHOSEN PUSH THEME THAT TRADE UNIONS ARE FREE TO NEGOTIATE FOR HIGHER PAY THROUGH COLLECTIVE BARGAINING WITH EMPLOYERS

ON BASIS ABILITY TO PAY. SUCH ASSURANCE ALMOST MEANINGLESS, WITHOUT STRIKE WEAPON, HOWEVER. ALTHOUGH P.D. 823 AS AMENDED PUBLICIZED BY GOP AS HAVING GREATLY LIBERALIZED EARLIER TOTAL BAN ON STRIKES, IT STILL PLACES SEVERE RESTRICTIONS ON LABOR'S RIGHT TO STRIKE (I.E. YOU CAN STRIKE IF GOVERNMENT LETS YOU). THUS, WE HAVE SEEN RASH OF "ILLEGAL" STRIKES BY FRUSTRATED WORKERS WHO UNWILLING ABIDE BY GOVERNMENT GROUND RULES.

6. WHILE IT TRUE MANY "BIG COMPANY" INDUSTRIAL WORKERS (IN MANILA AREA, ESPECIALLY) HAVE GOTTEN COMPARATIVELY FAIR SHARE WITH RESPECT WAGES, IT EQUALLY APPARENT MANY MORE WORKERS WOEFULLY UNDERPAID. TUCP, FEARFUL LOSING INITIATIVE TO VOCAL DISSIDENT ELEMENTS, HAS THUS USED VALID WAGE ISSUE IN ONE-UPMANSHIP BID TO ASSERT ITS RIGHT SPEAK FOR ORGANIZED LABOR. AS SUGGESTED ABOVE, CHANCES FOR SIGNIFICANT INCREASE IN MINIMUM WAGE SLIM. CONTROLLED PRESS OBEDIENTLY LINING UP BEHIND GOVERNMENT, AS INDICATED BY "JAWS"-INSPIRED CARTOON IN JANUARY 27 DAILY EXPRESS SHOWING SHARK WITH P18 MINIMUM WAGE TEETH ABOUT TO DEVOUR HELPLESS "INDUSTRIES" SWIMMER. SULLIVAN

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## Message Attributes

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